



# State Procurement Manual

Department of Administration, State Bureau of Procurement

**Number**  
PRO-205

Section	Effective	Replaces
PLANNING AND PROCUREMENT STRATEGY	DATE	PRO-I-15 (9-1-17)
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COST BENEFIT ANALYSIS (CBA), CONTINUED APPROPRIATENESS AND JUSTIFICATION OF NEED FOR SERVICES		1 of 4

**SCOPE:** The scope of this policy is to establish requirements and procedure for completing cost benefit analyses (CBAs), continued appropriateness of contracting for services, justification of need and certain exemptions from these requirements.

**POLICY:** Agencies will complete a justification of need analysis for contractual services procurements over the official bidding threshold.

Agencies will also complete a uniform cost benefit analysis and, before any renewal, will review the continued appropriateness of contracting, for each proposed contractual service procurement at or above the CBA/CA threshold (agency contracts and use of enterprise contracts). See PRO-101, Procurement Definitions and Thresholds.

These requirements do not apply to the following:

- 1) Services that federal or state law requires to be performed by contract.
- 2) Services that must be provided per a contract, license, or warranty, by the original equipment manufacturer or publisher.
- 3) Services that cannot be performed by state employees because the state lacks the required infrastructure.
- 4) Web-based software application services that are delivered and managed remotely.

**PROCEDURE:** I. Justification of Need

The justification of need to procure contractual services includes:



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## Legal Authority

Wis. Stats. 16.705(1)(2)  
Wis. Adm. Code Chapter Adm 10.035; 10.037; 10.038

Agencies Affected: All, unless otherwise noted

Authorized:  
Sara Redford, Director  
State Bureau of Procurement

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1. Justification written in clear, nontechnical language that can be understood by persons not directly involved or familiar with the specific request, all acronyms defined.
2. Reference to federal or state law or regulation which requires or authorizes contractual services (if applicable).
3. Description of the services to be performed, a list of any items to be delivered, complete schedules and timetables, and any other specific conditions to be required of the contractor.
4. Statement showing why the services can be performed more economically or efficiently as calculated on a CBA. For services contracts that are exempt from CBA requirements, this statement will contain similar considerations as those provided for in CBAs.
5. Statement showing why it is not possible to have the services performed by another state agency.
6. Statement that competitive bidding will be used or a justification for using the proposed alternative when competitive bidding is not used.

## II. CBA Factors

- A. Analyses compare the costs of employing contractors versus comparable state staff. Other mitigating factors that may be included in the cost analysis are:



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1. Market strength: Are there several vendors that can perform this service? Is the labor market tight so that it is difficult to retain and recruit employees?
2. Quality and nature of services required: Is the work a core service of state government?
3. Risk factors: Is there a possibility a private firm may fail to provide the service the agency has guaranteed or reduce services if financial losses occur? Is there a risk of compromising confidential information?
4. Time factors: Is it a short-term service or an ongoing need?
5. Specialized skills: Does the state workforce have the capacity and expertise to complete the project?
6. Legal barriers: Are there federal mandates, state statutes, and administrative rules that dictate the level which government must perform? Would contracting out affect access of services or treatment?

### III. Continued Appropriateness Reviews

The agency will analyze the continued appropriateness of contracting before any renewal, regardless of whether a CBA was completed for the original solicitation or use of a contract.

### IV. Required Forms and Submittal

- A. For Justification of Need analyses, the agency will complete and retain form DOA-3821a, Justification of Need and Cost Benefit Analysis Project Summary, sections 1-3 only.



#### Legal Authority

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- B. For CBAs, the agency will complete and retain forms DOA-3821a in its entirety and DOA-3821b, Cost Benefit Analysis—Financial Information as instructed.
- C. For continued appropriateness reviews, agencies will complete and retain form DOA-3819, Continued Appropriateness of Contracting for Annual Expenditure of Services as instructed.
- D. Completed, unsigned forms will be submitted to the Bureau electronically via email to [DOAcba@wisconsin.gov](mailto:DOAcba@wisconsin.gov). The approved and signed original will be kept on file with the procuring agency. CBA financials on DOA-3821b must be submitted to the Bureau in spreadsheet format.

REFERENCE: DOA-3821I, CBA Project Instructions

DOA-3821a, Justification of Need and Cost Benefit Analysis—Project Summary

DOA-3821b, Cost Benefit Analysis—Financial Information

DOA-3819, Continued Appropriateness of Contracting for Annual Expenditure of Services



## Legal Authority

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